

Message Text

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ACTION EB-07

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DEPT PASS EXPORT-IMPORT BANK AND COMMERCE

E.O. 11652: N/A

TAGS: BEXP, BTIO, SY

SUBJ: SYRIA -- VEHICLE ASSEMBLY PLANT AND CHRYSLER NEED FOR
EXPORT-IMPORT BANK ASSISTANCE

1. SUMMARY: CHRYSLER REP INFORMS US HIS FIRM HAS GOOD CHANCE TO WIN VEHICLE ASSEMBLY PLANT CONTRACT IN SYRIA. WOULD BE FIRST AMERICAN JOINT VENTURE IN SYRIA SINCE 1967 AND BEFORE AND SHOULD BE KEY ICE-BREAKER FOR FUTURE SUCH VENTURES WHICH SYRIANS VERY KEEN ON ATTRACTING. CHRYSLER WILL BE IN CONTACT WITH EX-IM SOON RE POSSIBLE EX-IM ASSISTANCE, WHICH IF NOT AVAILABLE MAY FORCE CHRYSLER TO JAPANESE SOURCES RESULTING IN BALANCE-OF-PAYMENTS LOSS FOR US. REQUEST THAT EX-IM GIVE CHRYSLER, WHICH WELL AWARE OF EX-IM CLAIM ISSUE, SYMPATHETIC HEARING AND THAT DEPT AND EX-IM WILL KEEP US FULLY INFORMED. END SUMMARY.

2. THOMAS S. HABIB, DIRECTOR, CONTRACT ADMINISTRATION, CHRYSLER INTERNATIONAL S.A., BOWATER HOUSE, KNIGHTSBRIDGE, LONDON, SW1X 7LH, TEL. 01-584 7000, CALLED ON EMBASSY MARCH 17 TO BRING US UP TO DATE ON CHRYSLER EFFORTS TO WIN CONTRACT FOR VEHICLE ASSEMBLY PLANT IN SYRIA. THERE IS VERY ACTIVE COMPETITION FOR THIS CONTRACT

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AMONG AMERICAN, FRENCH, ITALIAN, BRITISH, GERMAN AND JAP-

ANESE FIRMS. CHRYSLER HAS BEEN WORKING WITH SYRIANS FOR OVER ONE YEAR IN DEVELOPING PROPOSAL FOR FULL RANGE OF VEHICLES -- FROM SIMCA 1100 THROUGH DART-CORONET UP TO LARGE TRUCK LINES. INITIAL EQUIPMENT AND TECHNICAL/MANAGERIAL ASSISTANCE WORTH OVER \$4 MILLION, SALES FROM US ESTIMATED AT BETWEEN \$6 TO \$10 MILLION DURING ASSEMBLY PLANT CONSTRUCTION PHASE AND THEREAFTER. AS HABIB EMPHASIZES, BASED ON CHRYSLER EXPERIENCE AROUND THE WORLD, THIS ONLY TIP OF COMMERCIAL ICEBERG GIVEN USUAL FOLLOW-ON PROJECTS TO SUPPORT LINES, AND EXPERIENCE AND THEREFORE ENTRANCE INTO SYRIAN MARKET OF OTHER AMERICAN FIRMS THAT WOULD BE INVOLVED IN PLANT CONSTRUCTION AND INDUSTRIAL SPINOFFS.

3. FOR EUROPEAN ASPECTS OF CHRYSLER OFFER, HABIB SAYS BRITISH EDCG AND FRENCH COFAS EXPORT FINANCING HAS ALREADY BEEN LINED UP. AMERICA PORTION OF INVESTMENT WILL REQUIRE EXPORT-IMPORT BANK ASSISTANCE IF ENTIRE PROJECT TO BE COMPETITIVE WITH OTHER NON-AMERICAN OFFERS. IF EX-IM INVOLVEMENT NOT POSSIBLE, CHRYSLER MAY HAVE TO TURN TO MITSUBISHI IN JAPAN, WITH WHOM CHRYSLER HAS RELATIONSHIP, AND SUPPLY OF EQUIPMENT AND VEHICLES CURRENTLY PLANNED FROM US WOULD HAVE TO COME FROM JAPAN WITH RESULTANT LOSS FOR US BALANCE OF PAYMENTS AND SALES FROM AMERICA AUTOMOTIVE SECTOR. US AUTO INDUSTRY CERTAINLY DOES NOT NEED LOSS OF SALES AND FOR THIS REASON HABIB SAYS CHRYSLER WILL BE CALLING ON EX-IM TO REVIEW CHRYSLER PROPOSAL FOR SYRIAN PROJECT.

4. HABIB FULLY INFORMED OF EMBASSY/SARG DISCUSSIONS CONCERNING OUTSTANDING EX-IM CLAIM AMOUNTING TO ABOUT \$82,000 CURRENTLY. WE ASSURED HABIB IF THIS CLAIM CAN BE SETTLED, WE SEE NO REASON WHY EX-IM SHOULD NOT BE WILLING TO GIVE SERIOUS CONSIDERATION TO APPROACH BY CHRYSLER. (FYI: HABIB SAID HIS INFORMATION FROM CHRYSLER HEADQUARTERS WAS THAT EX-IM NOT ONLY CLAIM ISSUE TO SETTLE, BUT ALSO THERE WERE "POLITICAL" REASONS FOR EX-IM'S HESITANCY TO CONSIDER FINANCING FOR PROJECTS IN SYRIA. WHILE WE OF COURSE DID NOT COMMIT EX-IM (PER STATE 271395, 11/12/74) WE DID NOTE WE HAD NO SUCH INDICATION AS HE DESCRIBED AND LIMITED OFFICIAL USE

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WE ENCOURAGED HIM TO GET CHRYSLER TALKING TO EX-IM IMMEDIATELY. END FYI)

5. AMERICA EQUIPMENT SALES TO SYRIA HAVE BEEN INCREASING DRAMATICALLY SINCE RE-ESTABLISHMENT OF US-SYRIAN RELATIONS: BOEING \$105 MILLION; GE LOCOMOTIVES \$18 MILLION, CONSTRUCTION AND COMMUNICATIONS EQUIPMENT, COMMODITIES, ETC. SYRIAN WORKED VERY CLOSELY WITH US TO SIGN THREE

AID AGREEMENTS WORTH \$25 MILLION. SYRIANS HAVE
WARMLY WELCOMED VISITS BY AMERICAN BUSINESSMEN AND TRADE
MISSIONS. IN SUM, SYRIAN MARKET IS WIDE OPEN FOR SLES OF
AMERICAN EQUIPMENT AND SERVICES. LEADING AMERICAN BANKS
HAVE ALL BEEN TO SEE SYRIANS AND HAVE INCREASED LINES OF
CREDIT TO COMMERCIAL BANK OF SYRIA AND CENTRAL BANK
(FYI: E.G. FNCB UP FROM \$10 MILLION TO \$90 MILLION.
END FYI).

6. SYRIAN ACCEPTANCE OF CHRYSLER'S PROPOSAL WOULD MEAN FIRST
DIRECT AMERICAN COMPANY INVESTMENT IN SYRIA SINCE 1967
AND BEFORE. SUCH JOINT SYRIAN-AMERICAN VENTURES HAVE BEEN
VERY HIGH ON SYRIAN ECONOMIC DEVELOPMENT LIST AND WE ARE
MOST PLEASED CHRYSLER HAS WORKED SO HARD TO OBTAIN THIS
CONTRACT. TO FORCE CHRYSLER TO TURN TO JAPANESE SOURCES
IF EX-IM ASSISTANCE NOT AVAILABLE, ONE CLAIM ISSUE SETTLED,
WE BELIEVE WOULD BE A SERIOUS SETBACK IN OUR COMMERCIAL
EFFORTS TO TAKE ADVANTAGE OF STRONG SYRIAN DESIRE TO BUY
AMERICAN GOODS, SERVICES AND KNOWHOW.

7. ACTION REQUESTED: WOULD APPRECIATE DEPT AND EX-IM
KEEPING US FULLY INFORMED OF CHRYSLER APPROACH TO EX-IM.
WOULD ALSO LIKE TO HAVE ON FYI BASIS CONFIRMATION THAT
EX-IM ATTITUDE IN CONSIDERING PROPOSALS FOR SYRIA DOES
NOT REFLECT ANY BASIC "POLITICAL" OGJECTIONS.
MURPHY

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